

MEMORANDUM

TO: Vermont Mental Health Performance Indicator Project
Advisory Groups and Interested Parties

FROM: John Pandiani
Bill Bagdon

DATE: June 26, 1998

RE: Alternative Method for Calculating Per-Client Costs

This week's Performance Indicator report raises interesting questions about the interpretation of data on the cost of mental health services when there are discrepancies between program revenues and expenses.

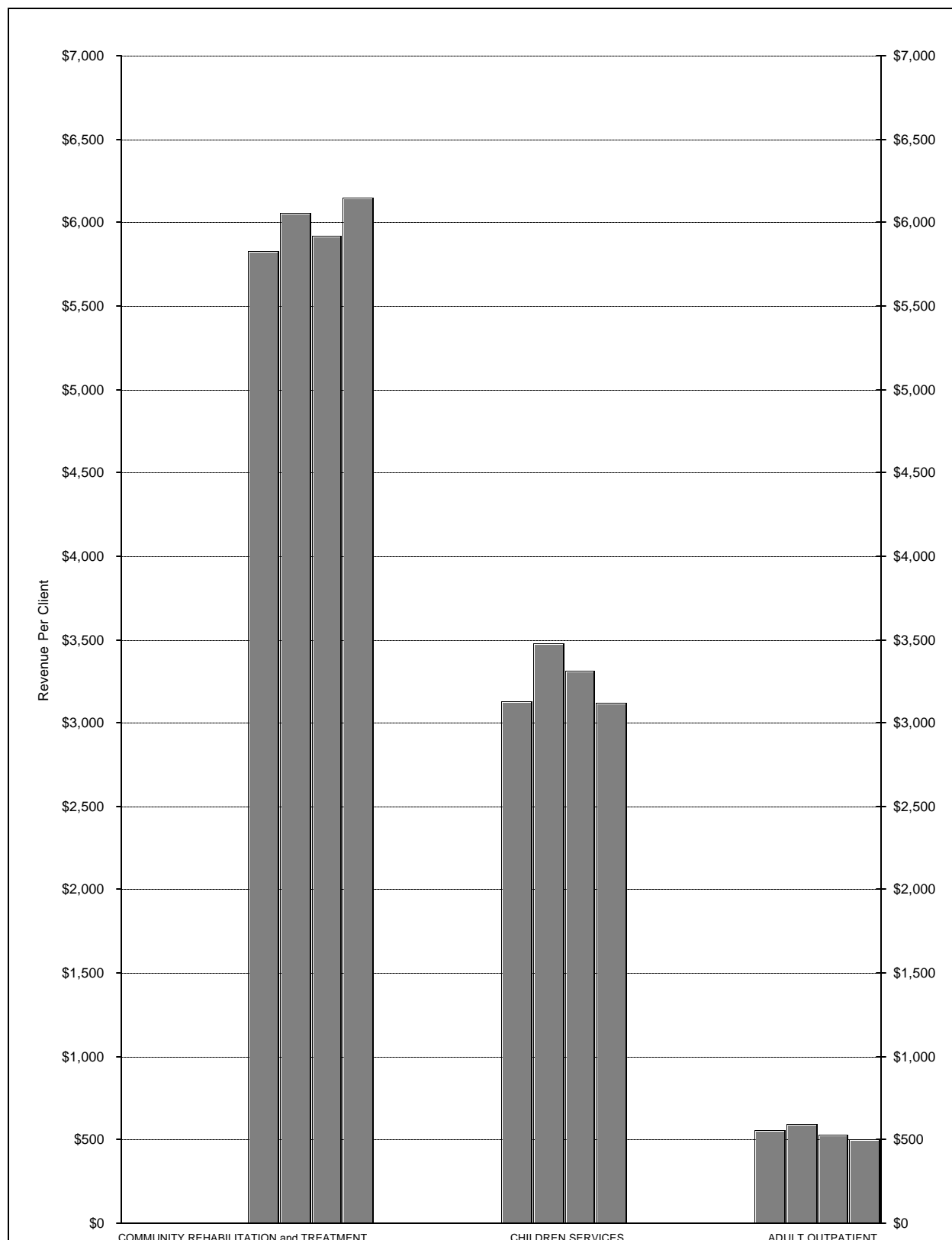
Julie Tessler (The Executive Director of the Vermont Council of Community Mental Health Centers) called to note that the reports on "cost" per client that were distributed last week were based on program revenues. At the CMHC level, costs are usually calculated on the basis of program expenditures, rather than program revenues. When revenues are significantly different than program expenditures, the resulting costs per client can be significantly different. This will be true for many Adult Mental Health Outpatient programs where expenditures have exceeded revenues in recent years. In many CRT and Children's services programs, on the other hand, revenues have exceeded expenses in recent years.

The attached graphs and tables present expense-based costs per client. These are the programs' costs of providing the services (the cost per client from the perspective of the service provider). The graphs and tables that were distributed last week calculated cost per client on the basis of program revenues. This may be thought of as the cost of purchasing the service (the cost per client from the perspective of the purchaser). The expenditure-based computations are presented for the past four years only because of accessibility of data.

As you will see, the statewide trend for the expenditure-based cost per client is similar to the trend for the revenue-based cost per client in the Children's Services and Adult Outpatient programs. Both have declined for the past two years with the rate of decline in children's services substantially greater than in the adult program. The annual expenditure-based cost per CRT client shows more growth than our earlier revenue-based computations. The two methods of computing per-client costs also yield similar relative costs among providers.

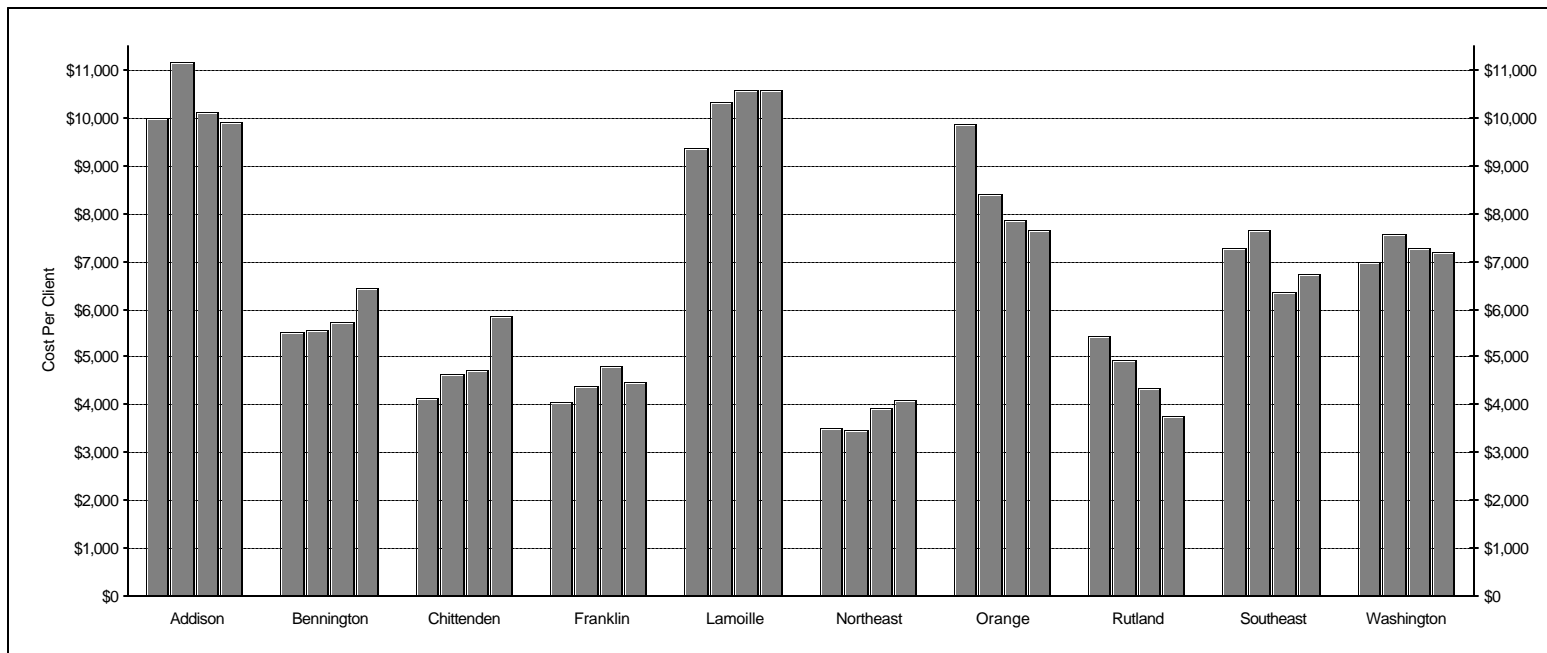
I will be interested in hearing your thoughts on the relative value and the appropriate interpretation of these two ways of deriving costs per client served. Please give me a call (802-241-2638) or email to pip@dmh.state.vt.us and I will compile your thoughts for our next Advisory Group meeting.

**ANNUAL COST PER CLIENT SERVED
COMMUNITY REHABILITATION AND TREATMENT, CHILDREN SERVICES,
AND ADULT OUTPATIENT PROGRAMS
AT COMMUNITY MENTAL HEALTH CENTERS IN VT: FY1994 - FY1997**



Cost per client is (Total Expenditures)/(Total Number Served). The program expenditures are submitted by Vermont's community service providers. The expenses include direct, administrative, and other. The number of people served is based on Quarterly Service Reports (QSR) submitted by Vermont's community service providers and includes people assigned to Community Rehabilitation and Treatment Programs, Children Services, and Adult Outpatient Programs. Individuals served by more than one agency are counted more than once.

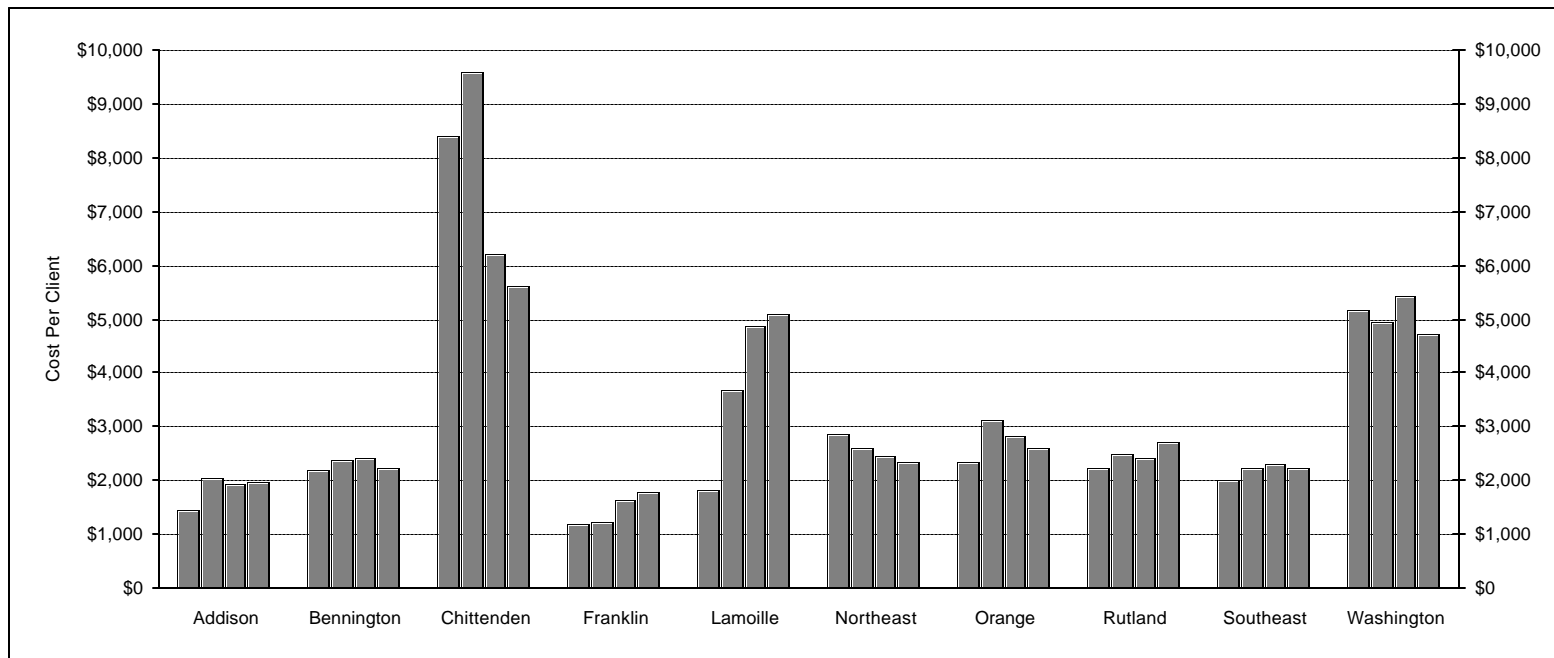
COMMUNITY REHABILITATION AND TREATMENT PROGRAMS COST PER CLIENT: FY1994 - FY1997



	Statewide	Addison	Bennington	Chittenden	Franklin	Lamoille	Northeast	Orange	Rutland	Southeast	Washington
FY1997	\$6,152	\$9,916	\$6,422	\$5,847	\$4,463	\$10,561	\$4,119	\$7,661	\$3,747	\$6,713	\$7,206
FY1996	\$5,919	\$10,134	\$5,715	\$4,738	\$4,805	\$10,601	\$3,921	\$7,859	\$4,353	\$6,362	\$7,260
FY1995	\$6,061	\$11,182	\$5,562	\$4,636	\$4,381	\$10,309	\$3,465	\$8,410	\$4,945	\$7,670	\$7,550
FY1994	\$5,832	\$9,992	\$5,520	\$4,145	\$4,073	\$9,378	\$3,532	\$9,854	\$5,422	\$7,286	\$6,980

Cost per client is (Total Expenditures)/(Total Number Served). The program expenditures are submitted by Vermont's community service providers. The expenses include direct, administrative, and other. The number of people served is based on Quarterly Service Reports (QSR) submitted by Vermont's community service providers and includes people assigned to Community Rehabilitation and Treatment Programs. Individuals served by more than one agency are counted

CHILDREN'S SERVICES PROGRAMS COST PER CLIENT: FY1994 - FY1997



	Statewide	Addison	Bennington	Chittenden	Franklin	Lamoille	Northeast	Orange	Rutland	Southeast	Washington
FY1997	\$3,122	\$1,972	\$2,244	\$5,623	\$1,775	\$5,103	\$2,345	\$2,586	\$2,713	\$2,245	\$4,731
FY1996	\$3,312	\$1,935	\$2,431	\$6,198	\$1,618	\$4,882	\$2,472	\$2,809	\$2,416	\$2,311	\$5,412
FY1995	\$3,481	\$2,041	\$2,395	\$9,602	\$1,233	\$3,695	\$2,592	\$3,138	\$2,487	\$2,218	\$4,930
FY1994	\$3,128	\$1,456	\$2,211	\$8,401	\$1,177	\$1,825	\$2,859	\$2,333	\$2,246	\$1,998	\$5,156

Cost per client is (Total Expenditures)/(Total Number Served). The program expenditures are submitted by Vermont's community service providers. The expenses include direct, administrative, and other. The number of people served is based on Quarterly Service Reports (QSR) submitted by Vermont's community service providers and includes people assigned to Children Services Programs. Individuals served by more than one agency are counted more than once.